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## **The GOP's Alternative Budget**

*President Obama offers us the option of European big government.*

By [PAUL D. RYAN](#)

Today, the House of Representatives will consider two budget plans that represent dramatically different visions for our nation's future.

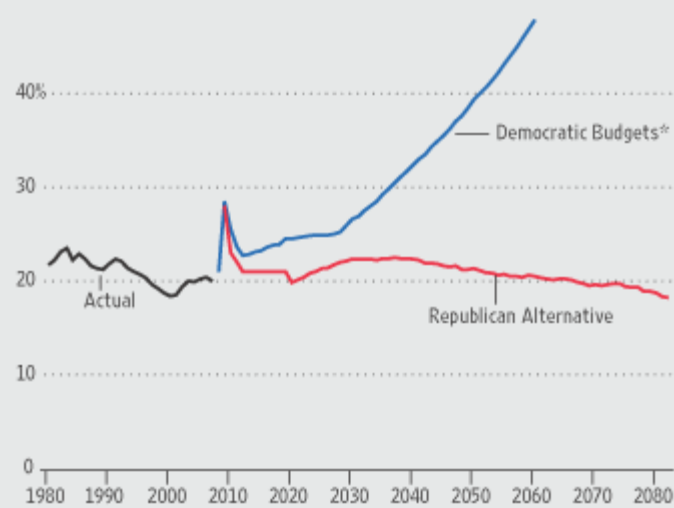
We will first consider President Barack Obama's plan. To be clear, this is no ordinary budget. In a nutshell, the president and Democratic leaders in Congress are attempting to bring about the third and final great wave of progressivism, building on top of the New Deal and the Great Society. So America is placed in a special moment in our history -- brought about by the deep recession, Mr. Obama's ambitious agenda, and the pending fiscal tidal-wave of red ink brought forward by the looming insolvency of our entitlement programs. If this agenda comes to pass, it will mark this period in history as the moment America turned European.

House Republicans will offer an alternative plan. This too is no ordinary budget. As the opposition party, we believe this moment must be met by offering the American people a different way forward -- one based on our belief that America is an exceptional nation, and we want to keep it that way. Our budget applies our country's enduring first principles to the problems of our day. Rather than attempting to equalize the results of peoples' lives and micromanaging their affairs, we seek to preserve our system of protecting our natural rights and equalizing opportunity for all. The plan works to accomplish four main goals: 1) fulfill the mission of health and retirement security; 2) control our nation's debts; 3) put the economy on a path of growth and leadership in the global economy; and 4) preserve the American legacy of leaving the next generation better off.

Under the president's plan, spending will top \$4 trillion this year alone, and consume 28.5% of our nation's economy. His plan would mean a \$1 trillion increase to the already unsustainable spending growth of our nation's entitlement programs -- including a "down payment" toward government-controlled health care and education; a \$1.5 trillion tax increase to further shackle the small businesses and investors we rely on to create jobs; a massive increase in energy costs for families via cap and trade. Moreover, the Obama plan would result in an exploding deficit, a doubling of the nation's debt in five years, and an increase of that debt to more than 82% of our nation's GDP by the last year of the budget. This approach will ultimately debase our currency and reduce the living standards of the American people.

## A Glimpse of Our Future

Government spending as a percentage of GDP, 1980-2080



\*Out-years based on CBO's Long-Term Alternative Fiscal Scenario

Source: House Budget Committee Republican Staff

Instead of doubling the debt in five years, and tripling it in 10, the Republican budget curbs the explosion in spending called for by the president and his party. Our plan halts the borrow-and-spend philosophy that brought about today's economic problems, and puts a stop to heaping ever-growing debt on future generations -- and it does so by controlling spending, not by raising taxes. The greatest difference lies in the size of government our budgets achieve over time (see nearby chart).

While our approach ensures a sturdy safety net for those facing chronic or temporary difficulties, it understands that the reliability of this protection and the other functions of government depend on a vibrant, free and growing private sector to generate the resources necessary for it.

Here's an outline of what we propose:

- *Deficits/Debt.* The Republican budget achieves lower deficits than the Democratic plan in every year, and by 2019 yields half the deficit proposed by the president. By doing so, we control government debt: Under our plan, debt held by the public is \$3.6 trillion less during the budget period.
- *Spending.* Our budget gives priority to national defense and veterans' health care. We freeze all other discretionary spending for five years, allowing it to grow modestly after that. We also place all spending under a statutory spending cap backed up by tough budget enforcement.
- *Energy.* Our budget lays a firm foundation to position the U.S. to meet three important strategic energy goals: reducing U.S. dependence on foreign oil, deploying more clean and renewable energy sources free of greenhouse gas, and supporting economic growth. We do these things by rejecting the president's cap-and-trade scheme, by opening exploration on our nation's oil and gas

fields, and by investing the proceeds in a new clean energy trust fund, infrastructure and further deficit reduction.

- *Entitlements.* Our budget also takes steps toward fulfilling the mission of health and retirement security, in part by making these programs fiscally sustainable. The budget moves toward making quality health care affordable and accessible to all Americans by strengthening the relationship between patients and their doctors, not the dictates of government bureaucrats. We preserve the existing Medicare program for all those 55 or older; and then, to make the program sustainable and dependable, those 54 and younger will enter a Medicare program reformed to work like the health plan members of Congress and federal employees now enjoy. Starting in 2021, seniors would receive a premium support payment equal to 100% of the Medicare benefit on average. This would be income related, so low-income seniors receive extra support, and high-income seniors receive support relative to their incomes -- along the same lines as the president's Medicare Part D proposal.

We strengthen the Medicaid safety net by converting the federal share of Medicaid payments into an allotment tailored for each state's low-income population. This will enhance state flexibility and sensitivity to spending growth.

In one of the most valued government programs -- Social Security -- our budget begins to develop a bipartisan solution to the program's pending bankruptcy by incorporating some of the reforms advocated by the president's budget director. Specifically, we provide for a trigger that would make small adjustments in the benefits for higher-income beneficiaries if the Social Security Administration determines the Social Security Trust Fund cannot meet its obligations. This is a modest but serious proposal which would not affect those in or near retirement, but is aimed at helping develop a consensus, across party lines, toward saving this important retirement program. We also assure that benefits for lower-income recipients are large enough to keep them out of poverty.

- *Tax Reform.* Our budget does not raise taxes, and makes permanent the 2001 and 2003 tax laws. In fact, we cut taxes and reform the tax system. Individuals can choose to pay their federal taxes under the existing code, or move to a highly simplified system that fits on a post card, with few deductions and two rates. Specifically, couples pay 10% on their first \$100,000 in income (singles on \$50,000) and 25% above that. Capital gains and dividends are taxed at 15%, and the death tax is repealed. The proposal includes generous standard and personal exemptions such that a family of four earning \$39,000 would not pay tax on that amount. In an effort to revive peoples' lost savings, and to create an incentive for risk-taking and investment, the budget repeals the capital gains tax through 2010 for all taxpayers.

On the business side, the budget permanently cuts the uncompetitive corporate income tax rate -- currently the second highest in the industrialized world -- to 25%. This puts American companies in a better position to lead in the global economy, promotes jobs here at home, and strengthens worker paychecks.

We hope the administration and Democratic leaders in Congress do not distort and preach fear about our Republican plan. Some may be tempted to appeal to the darker emotions of envy and

insecurity that surely run high in times like these. Yet we know Americans are stronger, smarter and prouder than this ploy assumes.

In the recent past, the Republican Party failed to offer the nation an inspiring vision and a concrete plan to tackle our problems with innovative and principled solutions. We do not intend to repeat that mistake. America is not the greatest nation on earth by chance. We earned this greatness by rewarding individual achievement, by advancing and protecting natural rights, and by embracing freedom. We intend to continue this uniquely American tradition.

**Mr. Ryan, from Wisconsin, is the ranking Republican on the House Budget Committee.**